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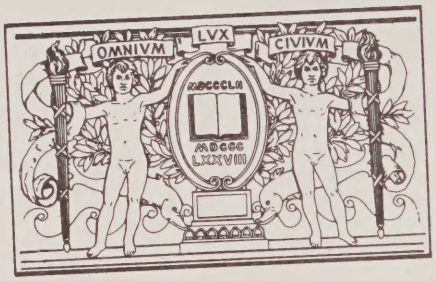

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DRAFT REPORT
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TRENDS IN HOUSING VALUES AND PROPERTY TAXES IN BOSTON'S HARBORPARK NEIGHBORHOODS

A Profile

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Charlestown Housing Values and Property Taxes

Housing Markets

Housing values in Charlestown have grown at a remarkable rate over the past two and a half decades. The 1955-1975 growth rate was the strongest in the City. Between 1975 and 1979 only the Downtown, Fenway-South End, and Back Bay-Beacon Hill wards saw greater proportionate price increases. A dollar's worth of average residential real estate in 1955 was worth $5.19 in 1975 (the City average was $2.49) and $7.29 in 1979 (City average $3.33). This represents an average annually compounded growth rate of 8.3 percent, 1955-79. This surge in market values began in the early 1960s with urban renewal and the demolition of many structures.

As the number of housing structures have increased, so too have residential property values. Prices for single-family homes grew from $21,260 in mid-1975 to $57,044 in the start of 1984. This represents a 168 percent increase over this 8½-year period or 14 percent annually.

Residential growth can be visualized by trends in the number of dwelling units in a particular neighborhood. The number of dwelling units declined from 6,957 to 6,440 between 1950 and 1960, representing a loss of 517 units or a 7.4 percent decline for the decade. The next ten years (1960-1970) showed further decline in housing stock. The dramatic drop of 1,321 units projects the previously-mentioned demolition of many structures. The community lost 21 percent of existing housing during the 60s. (Since then, Charlestown's housing stock has risen but has not yet attained its 1960 level.) Between 1970 and 1980, it regained 1,002 of the lost structures thus experiencing a 20 percent growth rate. One can safely project further significant growth in Charlestown with the

recent private development of condominiums and conversions of formerly public property such as schools to residential dwelling units. Charlestown's geographic proximity to the water as well as to downtown is a definite boon to residential growth.

Number of Dwelling Units in Charlestown

1950	1960	1970	1980
6,957	6,440	5,119	6,121

Source: U.S. Census of Population and Housing, 1980.

Average Market Values for Charlestown Properties

	One-Family	Two-Family	Three-Family	Condo
1975	$21,260	$23,664	$28,818	
1980	36,224			
1983	57,044	66,028	75,149	$71,913
# Properties 1983	977	521	453	91

Sources: 1975 - BRA Research
1980 - U.S. Census of Population and Housing, owner-occupants' judgement
1983 - Boston Assessing Department.

Residential Property Taxes

The combination of rapid value growth and static assessed values combined to give Charlestown the lowest effective tax rates in the City prior to the beginning of "phase-in" equalization in 1980. Average single-family home property taxes were $671 in FY1978. If equalization had been accomplished in that year, taxes would have jumped to $2,170 without classification, or to $1,582 with classification. Uncertainties over future taxes were resolved in June, 1983 with the certification of revaluation. Proposition 2½ had intervened to reduce Boston's levy by

nearly 30 percent between FY1981 and FY1983 so that the feared tax hike was quite moderate. Average single-family home taxes were $975 in FY1984.

Taxes for Selected Charlestown Properties

	One-Family (Average)	Three-Family (Average)	Industrial (Average)	Total Taxes (All Ward)
1978	$671	$1,127	$54,229	$7,233,446
1981	$1,090	$1,507	$65,775	$8,870,113
1984	$975	$1,234	$28,452	$4,774,200
1985	$1,050	$1,461	$29,744	

Source : City of Boston Assessing Department Fiscal Year Recapitulation for Ward 2.

Charlestown's tax pattern closely resembles South Boston's where the industrial tax levy comprises a major portion of the total ward taxes. Between FY1978 and FY1981 average industrial taxes rose 21 percent from $54,229 to $65,775 respectfully. The following years, FY1981 to FY1984, showed a major decline in industrial taxes which fell 57 percent. The FY1981 average industrial tax levy was $65,775 as compared to the FY1984 tax levy of $28,452. Finally, in FY1985, the projected increase is 4.5 percent.

East Boston Housing Values and Property Taxes

Housing Markets

Housing values for residential property of all types have steadily increased in East Boston over the past two and a half decades. In fact, East Boston's growth rate exceeds growth patterns of the majority of Boston's residential neighborhoods. Between 1955 and 1975 only five wards surpassed East Boston's (Ward 1) proportionate residential property market value increases. These wards, two through six, include Charlestown, Boston Proper, Back Bay, South End, Fenway and South Boston North. Before adjusting for inflation, a dollar's worth of average residential real estate in 1955 was worth $3.27 in 1975 (the city average was $2.49) and $4.24 in 1979 (city average $3.33). These figures represent an average annually compounded growth rate of 6.2 percent for the years 1955 to 1979.

In recent years, residential property values in East Boston have continued a strong increase as illustrated by the average price of single-family homes. Prices for single-family homes grew from $20,752 in mid-1975 to $47,010 in the start of 1984. This represents a 127 percent increase spanning this 8½-year period or 10.1 percent annually. While this is somewhat less than the 11.6 percent average annual price increase experienced by homes citywide, it is well above the 7.4 percent pace of general consumer inflation.

Residential growth patterns can also be represented in terms of the actual number of dwelling units in a particular neighborhood. The U.S. Census shows the number of dwelling units in East Boston remaining relatively constant until the period between 1970 and 1980 which saw an increase of a little over 1,000 residential units. This 6.4 percent

growth in housing stock is somewhat greater than the city average increase of 3.8 percent over the last decade.

Property Taxes

Average single-family home property taxes were $846 in FY1978, about one-third less than the city average. If equalization had been accomplished in that year, taxes would have jumped to $1,526 without classification, or to $915 with classification. Uncertainties over future taxes were resolved in June, 1983 with the certification of revaluation. Proposition 2½ had intervened to reduce Boston's levy by nearly 30 percent between FY1981 and FY1983 so that the feared tax hike was averted and homeowner taxes have actually declined. Average single-family home property taxes were $712 in FY1984 and $782 in FY1985. The owner-occupant tax exemption reduced taxes for owner-occupied, single-family dwellings to $602 and $662 for FY1984 and FY1985, respectively.

East Boston's housing consists mainly of triple deckers or three-family homes. While 977 households lived in East Boston's conventional single-family homes and another 82 in condominiums, as of January 1984, the neighborhood's 2,184 triple deckers housed 6,552 households. These units were each valued at an average $15,872 according to the City Assessing Department and will pay an average of $261 in taxes per apartment for FY1985. Boston's homeowner tax exemption will lower annual property taxes to just $141 for the typical owner-occupied unit.

East Boston has been a special beneficiary of property tax equalization and Proposition 2½. Total property taxes for all types of

property in East Boston rose 24 percent between FY1978 and FY1981, an increase more severe than the 17.5 percent citywide average. In FY1981 East Boston taxpayers accounted for 2.9 percent of the total city levy. Proposition 2½ began lowering the overall Boston tax burden the following year, and one year later, the city accomplished revaluation and equalization with classification in FY1983. Proposition 2½ tax cuts were completed in FY1984 when East Boston's total taxes stood fully 45 percent less than they had been three years earlier. This 45 percent decline was significantly stronger than the 35.8 percent reduction in the overall Boston tax levy. Equalization and strong downtown development reduced East Boston's share of total Boston taxes from 2.9 percent in FY1981 to 2.5 percent in FY1984.

The benefits of Proposition 2½ and equalization are compounded in East Boston. The combination of Proposition 2½ tax cuts and accompanying state aid increases have served to make property taxes a smaller share of total city revenues. Equalization and classification have further reduced East Boston's share of this shrunken property tax levy. Total taxes paid by East Boston residents and businesses declined from $15.3 million in FY1981 to $8.4 million in FY1984. This $6.9 million tax cut leaves the neighborhood's housing more affordable, its businesses more profitable, and it serves as a further stimulant to rising property values.

NUMBER OF DWELLING UNITS IN EAST BOSTON

1950	1960	1970	1980
13,943	13,989	13,709	14,552

Source: U.S. Census of Population and Housing.

AVERAGE MARKET VALUES FOR EAST BOSTON PROPERTIES

	One-Family	Two-Family	Three-Family
1975	$20,752	$23,126	$20,741
1980	$31,099	-	-
1984	$47,010	$48,669	$47,617

Sources: 1975 - BRA Research
1980 - U.S. Census of Population and Housing, Owner-Occupants' Judgement.
1983 - Boston Assessing Department.

North End/Waterfront Housing Values and Property Taxes

Housing Markets

The North End/Waterfront harbor neighborhood, has traditionally been a tightly-knit enclave of the Italian-American community. In recent years with the growing demand for residence close to the workplace, the North End has evolved into a bedroom community for many downtown workers thus changing its demographic characteristics, as well as increasing housing values. The increase in housing values within the larger downtown Ward 3 that includes the North End/Waterfront has been exceptional over the past two and a half decades. A dollar's worth of average residential real estate in 1955 was worth $4.63 in 1975 (the city average was $2.49) and $7.75 in 1975 (city average $3.33). This represents an average annually compounded growth rate of 7.6 percent, 1955-1975, and is well above general inflation's 2.07 percent pace over the same period.

In recent years, with new construction and the conversion of underutilized warehouses and wharf space to luxury rental units and condominiums, residential property values throughout downtown neighborhoods have continued a strong growth pattern. One indicator of growth is the average price of single-family homes. Prices for single-family homes in Ward 3 grew from $33,624 in mid-1975 to $98,107 in the start of 1984. This represents a 192 percent increase spanning this 8½-year period or 13.4 percent annually. This is above the 11.6 percent average annual price increase experienced by homes citywide and is well above the 7.4 percent pace of general consumer inflation.

In addition, residential growth patterns can be depicted in terms of fluctuations in the number of dwelling units. Between 1950 and 1960

there was a decline of housing stock in the Central Downtown Planning District that includes North End/Waterfront. This decade saw a drop of 830 dwelling units or a 7.8 percent decline in housing stock. The next ten years were relatively uncelebrated--the housing supply remained constant. Finally, between 1970 and 1980, there was an outstanding increase of 2,006 dwelling units reflecting the phenomena of new construction and conversions of warehouses and the like to residential units. This 20.8 percent growth in housing stock is substantially greater than the city average increase of 3.8 percent over the same period.

Property Taxes

Evaluating property taxes in the North End/Waterfront is more difficult than in other neighborhoods because the bulk of taxes in the Ward 3 reporting area are generated by commercial establishments and condominiums located south of the elevated expressway that separates North End/Waterfront from the rest of downtown. However, growing market forces are increasingly integrating the retail and residential resources of the North End/Waterfront into the larger downtown economy. The most outstanding fiscal features of Central Ward 3 are are the concentration of valuable commercial realty and the remarkable growth of the tax base through development.

NUMBER OF DWELLING UNITS DOWNTOWN

1950	1960	1970	1980
10,612	9,782	9,664	11,670

Source: U.S. Census of Population and Housing.

AVERAGE MARKET VALUES FOR DOWNTOWN PROPERTIES

	One-Family	Two-Family	Three-Family
1975	$33,624	$27,546	$30,740
1980	$69,565	NA	NA
1984	$98,107	$115,002	$101,808

Source: 1975 - BRA Research
1980 - U.S. Census of Population and Housing, Owner-Occupants' Judgment
1984 - Boston Assessing Department

TAXES FOR SELECTED DOWNTOWN PROPERTIES

Fiscal Year	Condo (Average)	Commercial (Average)	Total Taxes (% of City)	Total Taxes (All Ward 3)
1978	Over $3,500	$94,409	21%	$93,792,770
1981	NA	$110,298	22.5%	$116,450,000
1984	$1,750	$60,612	26.4%	$88,298,408
1985	$1,729	$116,249		

Source: City of Boston Assessing Department Fiscal Year Recapitulation for Ward 3.

South Boston Housing Values and Property Taxes

Housing Markets

South Boston, along with the other near-downtown neighborhoods, experienced stronger than average growth of residential market values between 1955 and 1975. What had been a dollar's worth of typical housing value in 1955 had grown to $3.17 by 1975, an average appreciation of 5.9 percent annually. The city average performance over this period saw a dollar's worth of residential value grow to $2.49. Over these two decades, the pattern of housing appreciation in South Boston mirrored East Boston's growth.

During this 1955-1975 period, property values in the northern half of South Boston (Ward 6) increased at a slightly faster pace than the southern half (Ward 7). Whereas, for Ward 6, a dollar's worth of average residential real estate in 1955 was worth close to $3.31 in 1974 (city average was $2.49); the same dollar's worth of real estate in Ward 7 was selling for about $2.25 in 1974.

Recently, residential property values in South Boston have continued the sturdy upward trend as indicated by the average price of single-family and three-family homes. Prices for single-family homes grew from $14,305 in mid-1975 to $37,043 in the beginning of 1984. These figures represent a 159 percent increase spanning an 8½-year period or 11.8 percent annually. Concurrently, single-family home values citywide increased 154.7 percent or 11.6 percent annually. In contrast, premiums for three-family dwellings increased from $18,987 to $54,747 during this same period and represented a 188.3 percent expansion or 13.3 percent annually, slightly above the citywide three-family pace of 13 percent annually. This rapid appreciation of

triple-decker values translates into strong growth for this neighborhood where two out of every five dwelling units is in a three-family home.

Another method of studying residential growth patterns is by looking at changes in the actual number of dwelling units in a particular neighborhood. The U.S. Bureau of Census shows the number of dwelling units in South Boston steadily declining between 1950 and 1980. This period saw a reduction of 1,123 units, with the largest drop (-623 units) occurring between 1950 and 1960. The 1.4 percent decline in South Boston's housing stock between 1970 and 1980 contrasts with the citywide increase of 3.8 percent over the last decade.

Property Taxes

Average single-family home property taxes were $635 in FY1978, half the city average. If equalization had been accomplished that year, taxes would have jumped to $1,090 without classification, or fallen to $502 with classification. Uncertainties over future taxes were resolved in June, 1983, with the certification of revaluation. Proposition 2½ had intervened to reduce Boston's levy by nearly 30 percent between FY1981 and FY1983 so that the feared tax hike was averted and homeowner taxes have actually declined. Average single-family home property taxes were $552 in FY1984 and $608 in FY1985. The owner-occupant tax exemption reduced taxes for owner-occupied, single-family dwellings to $442 and $488 for FY1984 and FY1985, respectively. The 40 percent of South Boston households that live in three-family structures are paying an average $300 for FY1985 taxes through their rent, or $180 if they are owner-occupants of one of these units.

South Boston's housing consists mainly of single-family and three-family homes with a substantial portion of the neighborhood's total tax burden being borne by the industrial sector. As a result, the benefits of Proposition 2½, equalization, and classification are extensive in this community. Total taxes paid by South Boston residents and businesses declined 58 percent between FY1981 and FY1984. Notable decreases in the tax levy can be seen in single-family and three-family homes in Fiscal Years 1981 and 1984. Single-family home tax bills fell 35 percent during these years, while triple-deckers' tax statement declined 43 percent during the same period. Although these are significant declines, the chief plunge occurred in the industrial tax levy which fell 70 percent between FY1981 and FY1984. Also notable is the decline in the number of industrial units (down 26 percent) during the same period. This $2.4 million tax cut, with the major portion being industrial serves as an economic boon to the community and its local employment base. Housing has become more affordable and industry more profitable.

NUMBER OF DWELLING UNITS IN SOUTH BOSTON

1950	1960	1970	1980
15,178	14,555	14,259	14,055

AVERAGE MARKET VALUES FOR SOUTH BOSTON PROPERTIES

	One-Family	Two-Family	Three-Family
1975	$14,305	$19,301	$18,987
1980	$24,077	NA	NA
1984	$37,043	$52,014	$54,747

AVERAGE MARKET VALUES FOR SOUTH BOSTON PROPERTIES,BY WARD

	Ward 6		
	One-Family	Two-Family	Three-Family
1975	$13,350	$18,549	$21,596
1984	$36,854	$51,890	$54,892

	Ward 7		
	One-Family	Two-Family	Three-Family
1975	$15,578	$20,069	$17,547
1984	$37,254	$52,110	$54,643

Sources: 1975 - BRA Research.
1980 - U.S. Census of Population and Housing, Owner-Occupant's Judgement.
1984 - Boston Assessing Department.

TAXES FOR SELECTED SOUTH BOSTON PROPERTIES

Fiscal Year	One-Family (Average)	Three-Family (Average)	Industrial (Average)	Total Taxes
1978	$635	$1,252	$224,833	$37,623,200
1981	$853	$1,336	$55,428	$41,590,100
1984	$552	$766	$22,901	$17,288,700
1985	$608	$899		

Source: City of Boston Assessing Department Fiscal Year Recapitulation for Wards 6 and 7.

Dorchester Housing Values and Property Taxes

Housing Markets

Over the past two and a half decades, Dorchester, along with the other harbor neighborhoods, has experienced a rise in housing values for residential properties of all types. Housing values between 1955 and 1979 have been consistently below city average values, but are still rising. Comparisons between northern and southern Dorchester (Wards 13 and 16, respectively) reveal little variance in housing prices between the two areas. Without adjusting for inflation, a dollar's worth of average residential real estate in Ward 13 in 1955 was worth $1.59 in 1975 (the city average was $2.49) and $2.09 in 1979 (city average $3.33). These figures represent an average annually compounded growth rate of 3.1 percent between 1955 and 1979. Similarly, in Ward 16, a dollar's worth of average residential real estate in 1955 was worth $1.60 in 1975 and $1.93 in 1979. The annually compounded growth rate for this period is 2.8 percent.

Adjusting for inflation paints a different and rather depressing picture. The U.S. GNP deflator shows the 1955 dollar worth $2.07 in 1975. Dorchester property values during these two decades actually dropped 23 percent after adjusting for inflation. Values citywide rose 20 percent after inflation.

Recently, residential property values in Dorchester have begun a strong upward surge. Prices for single-family homes grew from $18,142 in mid-1975 to $52,018 in the start of 1984. This represents a 187 percent increase spanning this 8½-year period or 13.2 percent annually, well above the 7.2 percent pace of inflation and even above the 11.6 percent average Boston home rate of increase.

Housing stock in Dorchester consists primarily of single-, two- and three-family homes. In the 1970s and 1980s, Dorchester was once again discovered by young, professional, middle-class families who treasured the exceptional housing values of the Dorchester triple-decker and the Victorian home.

The most prevalent housing type in Dorchester's Wards 13 and 16 is the single-family home. Along with 2,500 single-family homes are over 2,000 each of two- and three-family dwellings. Housing stock within the several subareas do not show great homogeneity. Fields Corner East housing stock is mainly two- and three-family units. It also encompasses some industrial uses such as the Alsen-Mapes Industrial Park which offers the opportunity for additional private investment and jobs for Dorchester residents. Columbia/Savin Hill is comprised of a mixture of owner-occupied, single-, two- and three-family homes. Columbia Point is the location of the Columbia Point Housing Project which is now in the process of being transformed into a mixed-income community.* The University of Massachusetts dominates the rest of Columbia Point.

Property Taxes

Average single-family home property taxes were $1,112 in FY1978. If equalization had been accomplished that year, taxes would have jumped to $1,456 without classification, or fallen to $848 with classification. Uncertainties over future taxes were resolved in June 1983 with the certification of revaluation. Proposition 2½ had intervened to reduce

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* Subarea information from Neighborhood Profiles, 1979.

Boston's levy by nearly 30 percent between FY1981 and FY1983 so that the feared tax hike was averted and homeowner taxes have actually declined. Average single-family home property taxes were $803 in FY1984 and $854 in FY1985. The owner-occupant tax exemption reduced taxes for owner-occupied, single-family dwellings to $693 and $734 for FY1984 and FY1985, respectively.

Taxes on single-family homes fell 33 percent and on two-family homes fell 43 percent. The major drop in tax levies occurred in the three-family housing stock. Three-family home taxes fell 76 percent. The $12 million tax cut, the predominance of owner-occupied housing, and the industrial base lay a solid foundation for the possibility of future economic development. Total taxes paid by Dorchester residents and industries declined 54 percent between FY1981 and FY1984.

NUMBER OF DWELLING UNITS IN NORTH DORCHESTER

1950	1960	1970	1980
9,376	10,453	10,465	10,106

Source: U.S. Census of Population and Housing, 1980.

NUMBER OF DWELLING UNITS IN SOUTH DORCHESTER

1950	1960	1970	1980
22,002	22,442	23,261	21,808

Source: U.S. Census of Population and Housing, 1980.

AVERAGE MARKET VALUES FOR DORCHESTER PROPERTIES

	One-Family	Two-Family	Three-Family
1975	$18,142	$18,590	$16,716
1978	$21,836	$25,268	$22,505
1984	$52,018	$60,069	$51,309

AVERAGE MARKET VALUES FOR DORCHESTER PROPERTIES, BY WARD
(Ward 13)

	One-Family	Two-Family	Three-Family
1975	$12,651	$14,548	$13,405
1980	$29,557	NA	NA
1984	$44,864	$47,529	$47,931

(Ward 16)

	One-Family	Two-Family	Three-Family
1975	$20,161	$23,521	$20,451
1980	$30,385	NA	NA
1984	$54,109	$65,078	$60,614

Sources: 1975 - BRA Research.
1980 - U.S. Census of Population and Housing
1984 - Boston Assessing Department.

TAXES FOR SELECTED DORCHESTER PROPERTIES

Fiscal Year	One-Family (Average)	Two-Family (Average)	Three-Family (Average)	Total Taxes
1978	$1,112	$1,445	$1,595	$20,147,784
1981	1,194	1,536	1,717	22,172,610
1984	803	876	408	10,160,021
1985	854	986	887	

Source: City of Boston Assessing Department Fiscal Year Recapitulation for Wards 13 and 16.